

DOLLAR

Wise



The State of Connecticut 403(b) Program

Important Note: The information presented in this newsletter is not intended as investment advice. Its purpose is to help you understand the investment choices available through the State of Connecticut 403(b) Program. Your financial strategy and investment choices are entirely your own and should reflect your personal needs and circumstances.

State of Connecticut personnel, including the Human Resources Department staff, cannot provide investment advice. For more information, you may want to consult with a professional financial advisor.

The investment information is current as of September 30, 2002.

As a dollar-wise investor, you know that the more investment options you have the better. The good news is that if you're eligible to participate in the State of Connecticut 403(b) Program, you're also eligible to participate in the State of Connecticut Deferred Compensation Plan, which is a governmental 457(b) plan. Because each plan has its own advantages, it's important that you understand how each works. That way, you can decide whether to contribute to one or both plans — and how much to contribute, up to maximum Internal Revenue Service (IRS) limits. By doing so, you'll get the most out of the plans for your individual situation. This issue of **"Dollar Wise"** offers highlights of the differences and similarities of the two plans, to help you make wise investment decisions.

State Comptroller

403(b) and 457 Plans — Get to Know Your Options

When you are eligible to participate in both the 403(b) program and the 457 plan, you have a lot of choices available to you. The chart below summarizes many of these choices to help you understand your options. As you

review the chart, keep in mind that in the 403(b) program, you have easier access to your account through loans and hardship withdrawals while you're still working with the State. On the other hand, if you receive a distribution from the State before age 59½, the 457 plan provides penalty-free access to your account.



FEATURE	403(b) Program	457 Plan
Annual Contribution Limit	For 2002, the IRS maximum is \$11,000 for each plan. In other words, you may contribute a total of \$22,000 if you participate in both plans. In 2003, you may contribute up to \$12,000* per plan, or a total of \$24,000 to both plans.	
Age 50 Catch-up	For 2002, participants age 50 or older by December 31, may contribute an additional \$1,000* to the 403(b) program and \$1,000* to the 457 plan. In 2003, you may contribute an additional \$2,000* to each plan.	
Catch-up Contributions	Participants with 15 or more years of eligible service may contribute up to an additional \$3,000 per year towards a \$15,000 lifetime maximum.	For the three years before you reach the normal retirement age, you may contribute up to twice the IRS annual contribution limit.
Use Catch-up Contributions and Age 50 Catch-up in the Same Year	Yes	No
Loans	Yes	No**
Distributions	<p>To qualify for a distribution, you must meet at least one of the following conditions in which you:</p> <ul style="list-style-type: none"> • Leave employment with the State • Become permanently and totally disabled • Have a financial hardship (e.g., you need to pay tuition or purchase a primary residence), or • Die. 	<p>To qualify for a distribution, you must meet at least one of the following conditions in which you:</p> <ul style="list-style-type: none"> • Leave employment with the State • Qualify for an Unforeseeable Emergency Withdrawal (i.e., only in the event of extreme financial hardship, as defined by the Internal Revenue Code), or • Die.
Penalty Taxes on Distributions Paid to You	<p>Withdrawals made before age 59½ may be subject to a 10% IRS-imposed penalty tax. In certain cases, this 10% penalty does not apply, for example if you:</p> <ul style="list-style-type: none"> • Separate from service at or after age 55, or • Make a rollover to another qualified retirement plan. 	There is no IRS penalty on withdrawals of 457 plan money made before age 59½. Any amounts rolled over into your 457 plan from a 401(a), a 403(b) plan or an Individual Retirement Account (IRA) may be subject to the 10% IRS-imposed penalty tax.
Rollovers After Separation From Service	You may roll over your distribution to a 403(b) plan, a governmental 457 plan, a 401(k) plan or an IRA as long as the new plan accepts rollovers.	
Tax Credit	If you are married with adjusted gross income of \$50,000 or less, or single with adjusted gross income of \$25,000 or less, then you may be able to reduce your federal income taxes by a percentage (up to a maximum of 50%) of the first \$2,000 you contribute. If you participate in both plans, the maximum tax credit you can receive is \$2,000 in total.	

* This amount will be indexed in future years.

** Loans may be available in the future.

Comparison of Investment Options for Connecticut 403(b) Program

Performance and Expenses as of 9/30/2002

FIDELITY INVESTMENTS

Level of Risk	Fund Name	NET PERFORMANCE*			EXPENSES*		
		YTD	1 Year	3 Years	Admin./M&E	Mgmt.	Other
High	Fidelity Blue Chip Growth	- 30.10%	- 20.77%	- 14.44%	0.000%	0.490%	0.270%
	Fidelity Contrafund	- 10.69%	- 4.70%	- 5.09%	0.000%	0.750%	0.210%
	Fidelity Diversified International	- 14.57%	- 6.59%	- 4.08%	0.000%	0.860%	0.350%
	Fidelity Dividend Growth	- 27.93%	- 19.54%	- 5.76%	0.000%	0.750%	0.230%
	Fidelity Growth Company	- 40.47%	- 26.99%	- 15.57%	0.000%	0.750%	0.230%
	Fidelity Independence	- 23.84%	- 12.80%	- 8.55%	0.000%	0.780%	0.190%
	Fidelity Low-Priced Stock	- 11.44%	3.15%	12.15%	0.000%	0.750%	0.240%
	Fidelity Magellan	- 28.99%	- 21.06%	- 12.94%	0.000%	0.690%	0.200%
	Fidelity Mid-Cap Stock	- 33.09%	- 18.43%	- 0.33%	0.000%	0.690%	0.250%
	Fidelity New Millennium	- 25.33%	- 1.76%	- 4.09%	0.000%	0.820%	0.190%
	Fidelity Small Cap Stock	- 20.93%	- 3.96%	4.09%	0.000%	0.860%	0.260%
	Fidelity Spartan U.S. Equity Index	- 28.24%	- 20.59%	- 13.01%	0.000%	0.180%	N/A
	Fidelity Value	- 17.14%	- 5.51%	0.05%	0.000%	0.570%	0.240%
Medium	Fidelity Balanced	- 14.59%	- 8.67%	- 1.75%	0.000%	0.430%	0.260%
	Fidelity Capital & Income	- 11.56%	- 7.03%	- 7.83%	0.000%	0.580%	0.230%
	Fidelity Equity-Income	- 24.29%	- 17.21%	- 6.80%	0.000%	0.480%	0.210%
	Fidelity Growth & Income	- 22.41%	- 17.40%	- 8.60%	0.000%	0.480%	0.210%
	Fidelity Puritan	- 13.87%	- 8.74%	- 1.55%	0.000%	0.430%	0.220%
Low	Fidelity Retirement MM	1.23%	1.82%	4.30%	0.000%	0.420%	0.000%
	Fidelity U.S. Bond Index Fund	8.03%	7.81%	9.10%	0.000%	0.320%	0.000%

Asset transfer provision for transfer of assets from other carrier: none

FMR Co. has voluntarily agreed to reimburse shareholders a portion of the funds' management fee. This agreement can be terminated at any time. Without this reimbursement, each fund's yield would have been lower.

The Fidelity Capital & Income, Mid-Cap Stock, Low-Priced Stock, Small Cap Stock and Diversified International funds may charge a short-term trading fee. The Capital & Income fund charges 1.00% on shares held less than 270 days, the Mid-Cap Stock fund charges 0.75% on shares held less than 30 days, the Low-Priced Stock fund charges 1.50% on shares held less than 90 days, the Small Cap Stock fund charges 2.00% on shares held less than 1,090 days and the Diversified International fund charges 1.00% on shares held less than 30 days.

* In accordance with the requirements of the operating provisions of the 403(b) Program, Fidelity Investments will assess a fee for each active account on a quarterly basis beginning December 2002. The purpose of this fee is to pay expenses associated with the 403(b) Program's limited scope third party administrator.

THE HARTFORD

Level of Risk	Fund Name	NET PERFORMANCE			EXPENSES		
		YTD	1 Year	3 Years	Admin./M&E	Mgmt.	Other
High	Hartford Capital Appreciation HLS	- 26.54%	- 16.97%	- 1.90%	0.850%	0.630%	0.050%
	Hartford Index HLS	- 28.86%	- 21.50%	- 14.03%	0.850%	0.400%	0.030%
	Hartford Midcap HLS	- 21.15%	- 5.59%	6.86%	0.850%	0.670%	0.030%
	Hartford Small Company HLS	- 30.98%	- 13.90%	- 12.05%	0.850%	0.720%	0.040%
	Hartford Stock HLS	- 31.43%	- 23.89%	- 14.66%	0.850%	0.460%	0.030%
	Invesco Financial Services	- 19.80%	- 14.04%	0.43%	0.850%	0.630%	0.630%
	Invesco Leisure	- 19.83%	- 1.89%	- 1.82%	0.850%	0.710%	0.660%
	Invesco Small Company Growth	- 35.09%	- 19.27%	- 13.44%	0.850%	0.660%	0.580%
	Janus Advisor Worldwide	- 28.80%	- 20.56%	- 12.57%	0.850%	0.650%	0.590%
	MFS Capital Opportunities	- 35.41%	- 23.46%	- 16.62%	0.850%	0.660%	0.450%
	MFS Massachusetts Investors Growth Stock	- 30.70%	- 20.41%	- 15.28%	0.850%	0.330%	0.520%
	MFS Midcap Growth	- 51.36%	- 38.57%	- 16.81%	0.850%	0.750%	0.510%
	Templeton Foreign	- 13.52%	- 3.91%	- 5.00%	0.850%	0.610%	0.570%
Medium	Franklin Mutual Shares	- 14.05%	- 8.58%	3.05%	0.850%	0.580%	0.560%
	Hartford Advisers HLS	- 19.16%	- 13.71%	- 6.83%	0.850%	0.630%	0.030%
	Hartford Dividend and Growth HLS	- 22.59%	- 17.48%	- 4.77%	0.850%	0.650%	0.030%
	MFS Value	- 18.96%	- 12.20%	- 0.19%	0.850%	0.600%	0.610%
	Van Kampen Equity Income	- 13.98%	- 9.58%	2.59%	0.850%	0.360%	0.460%
Low	General (Declared Rate) Account*	N/A	N/A	N/A	N/A	N/A	N/A
	Hartford Bond HLS	4.96%	5.87%	7.81%	0.850%	0.480%	0.030%

Asset transfer provision for transfer of assets from other carrier: lesser of 2% or actual deferred sales charge/surrender charge

* The Declared Rate is credited through the close of the calendar year on contributions received during the designated calendar quarter. The rate for the 4th quarter, 2002, is 4.5%. For contributions received prior to January 1, 2002, the Declared Rate is 4.3%. Rates quoted are effective annual yields.

Comparison of Investment Options for Connecticut 403(b) Program

Performance and Expenses as of 9/30/2002

ING FINANCIAL ADVISERS

Level of Risk	Fund Name	NET PERFORMANCE			EXPENSES		
		YTD	1 Year	3 Years	Admin./M&E*	Mgmt.	Other
High	Fidelity VIP Growth Portfolio	- 35.04%	- 24.30%	- 16.84%	1.000%	0.580%	0.100%
	FTVIP Franklin Small Cap Value Securities Fund	- 17.72%	0.20%	6.21%	1.000%	0.600%	0.450%
	ING MFS Capital Opportunities Portfolio	- 35.92%	- 24.07%	- 16.87%	1.000%	0.650%	0.250%
	ING VP Index Plus LargeCap Portfolio	- 28.07%	- 22.02%	- 13.62%	1.000%	0.350%	0.100%
	ING VP Index Plus MidCap Portfolio	- 16.87%	- 5.34%	4.74%	1.000%	0.400%	0.150%
	ING VP International Value Portfolio	- 20.84%	- 14.16%	- 4.43%	1.000%	1.000%	0.000%
	ING VP Small Company Portfolio	- 25.47%	- 13.17%	0.24%	1.000%	0.750%	0.110%
	ING VP Value Opportunity Portfolio	- 28.77%	- 23.84%	- 7.05%	1.000%	0.600%	0.110%
	Janus Aspen Series Aggressive Growth Portfolio	- 30.14%	- 20.81%	- 23.41%	1.000%	0.650%	0.020%
	Janus Aspen Series Growth Portfolio	- 28.51%	- 19.29%	- 17.80%	1.000%	0.650%	0.010%
	Lord Abbett Growth and Income Portfolio	- 25.83%	- 16.25%	- 4.72%	1.000%	0.500%	0.470%
	Oppenheimer Global Securities Fund/VA	- 24.77%	- 12.29%	- 2.35%	1.000%	0.640%	0.060%
Medium	Pioneer Fund VCT Portfolio	- 25.10%	- 18.33%	- 9.79%	1.000%	0.650%	0.090%
	ING VP Balanced Portfolio, Inc	- 15.21%	- 9.68%	- 4.59%	1.000%	0.500%	0.090%
	Janus Aspen Series Balanced Portfolio	- 9.11%	- 4.94%	- 1.25%	1.000%	0.650%	0.010%
Low	ING Fixed Plus**	N/A	N/A	N/A	N/A	N/A	N/A
	ING VP Bond Portfolio	5.53%	5.69%	6.99%	1.000%	0.400%	0.100%
	ING VP Money Market Portfolio	0.50%	0.83%	3.29%	1.000%	0.250%	0.090%
	Janus Aspen Series Flexible Income Portfolio	8.16%	8.26%	7.34%	1.000%	0.640%	0.030%

Asset transfer provision for transfer of assets from other carrier: none

* M&E expenses are currently set at 1.000%, but are subject to change based on the level of total 403(b) assets under the State contract.

** The interest rate varies monthly. For October 2002, the rate is 5.25%. The rate is guaranteed to be no less than 4.95% through December 31, 2002. The rate has a 12-month and 3% lifetime guarantee.

PRIME PLAN - OLDHAM RESOURCE GROUP

Level of Risk	Fund Name	NET PERFORMANCE			EXPENSES		
		YTD	1 Year	3 Years	Admin./M&E	Mgmt.	Other
High	AIM Basic Value	- 29.23%	- 19.50%	- 0.50%	0.500%	1.300%	0.350%
	Dreyfus Mid Cap Index	- 20.11%	- 5.73%	2.32%	0.500%	0.500%	0.000%
	Janus Growth and Income	- 25.78%	- 18.55%	- 10.36%	0.500%	0.860%	0.000%
	Lord Abbett Mid Cap Value	- 15.88%	- 4.27%	12.28%	0.500%	1.220%	0.350%
	MFS Core Growth	- 30.42%	- 20.32%	- 12.01%	0.500%	1.520%	0.350%
	Needham Growth	- 37.25%	- 24.93%	0.90%	0.500%	1.870%	0.250%
	Oppenheimer Global Growth & Income	- 33.83%	- 16.50%	- 11.39%	0.500%	1.220%	0.240%
	Royce Low-Priced Stock	- 23.38%	- 2.05%	11.82%	0.500%	1.490%	0.250%
	Seligman Communications & Information	- 44.51%	- 25.49%	- 19.86%	0.500%	1.440%	0.250%
	Vangaurd REIT Index	3.15%	8.04%	12.95%	0.500%	0.280%	0.000%
Medium	Pax World Balanced	- 14.32%	- 10.88%	- 3.87%	0.500%	0.930%	0.190%
	PIMCO Long Term U.S. Government Inst	17.68%	14.96%	13.27%	0.500%	0.500%	0.000%
Low	Alliance North American Government Income	4.38%	0.14%	7.77%	0.500%	1.960%	0.300%
	Calvert Income	0.83%	1.43%	6.51%	0.500%	1.080%	0.150%
	Fidelity Money Market	N/A	N/A	N/A	N/A	N/A	N/A
	Safeco Preference Fixed Account*	N/A	N/A	N/A	N/A	N/A	N/A
	Security Capital Preservation	2.64%	4.09%	5.30%	0.500%	N/A	0.250%

Asset transfer provision for transfer of assets from other carrier: none

* Premium payments will be credited with the effective interest rate established for the date each payment is received. The current rate as of September 30, 2002, is 3.5%. The effective rate reflects the effects of daily compounding of interest. The minimum annual effective rate guarantee is 3.00%.

Comparison of Investment Options for Connecticut 403(b) Program

Performance and Expenses as of 9/30/2002

TIAA-CREF

Level of Risk	Fund Name	NET PERFORMANCE*			EXPENSES*			
		YTD	1 Year	3 Years	Admin./M&E	Mgmt.	Other	Total
High	CREF Equity Index	- 27.49%	- 19.09%	- 11.79%	0.245%	0.080%	0.045%	0.370%
	CREF Global Equities	- 26.81%	- 20.04%	- 14.66%	0.245%	0.170%	0.045%	0.460%
	CREF Growth	- 34.81%	- 24.55%	- 21.24%	0.245%	0.140%	0.045%	0.430%
	CREF Stock	- 26.50%	- 18.59%	- 12.63%	0.245%	0.120%	0.045%	0.410%
Medium	CREF Social Choice	- 14.05%	- 9.05%	- 3.93%	0.245%	0.100%	0.045%	0.390%
	TIAA Real Estate	2.67%	3.51%	7.36%	0.245%	0.245%	0.140%	0.630%
Low	CREF Bond Market	8.35%	8.05%	9.32%	0.245%	0.110%	0.045%	0.400%
	CREF Inflation-Linked Bond	15.70%	14.42%	11.96%	0.245%	0.100%	0.045%	0.390%
	CREF Money Market	1.16%	1.77%	4.31%	0.245%	0.050%	0.045%	0.340%
	TIAA Traditional Annuity**	N/A	6.00%	6.76%	N/A	N/A	N/A	N/A

Asset transfer provision for transfer of assets from other carrier: none

* In accordance with the requirements of the operating provisions of the 403(b) Program, TIAA-CREF will assess a fee for each active account on a monthly basis beginning December 2002. The purpose of this fee is to pay expenses associated with the 403(b) Program's limited scope third party administrator.

** There are no expense or sales charges on contributions to the TIAA Traditional Annuity. Total TIAA operating expenses are deducted each year from investment earnings before dividends are declared, not from individual participant accounts. Current expenses average about 1/4 of 1% of TIAA annuity assets each year.

TRAVELERS LIFE & ANNUITY

Level of Risk	Fund Name	NET PERFORMANCE			EXPENSES			
		YTD	1 Year	3 Years	Admin./M&E	Mgmt.	Other	Total
High	AIM Capital Appreciation	- 28.21%	- 15.31%	- 13.04%	0.600%	0.800%	0.030%	1.430%
	Dreyfus VIF Small Cap	- 23.30%	- 10.19%	- 1.03%	0.600%	0.750%	0.040%	1.390%
	Equity Index Portfolio - Class II	- 28.59%	- 21.17%	- 13.70%	0.600%	0.210%	0.280%	1.090%
	Fidelity VIP II Contrafund S2	- 11.11%	- 5.18%	- 5.67%	0.600%	0.580%	0.320%	1.500%
	Janus Capital Appreciation	- 25.80%	- 18.51%	- 17.07%	0.600%	0.750%	0.090%	1.440%
	Large Cap Portfolio (Fidelity)	- 27.17%	- 19.27%	- 15.01%	0.600%	0.750%	0.040%	1.390%
	MFS Mid Cap Growth	- 52.31%	- 40.57%	- 17.62%	0.600%	0.800%	0.120%	1.520%
	Putnam VT International Growth - IB	- 24.04%	- 18.06%	- 9.81%	0.600%	0.760%	0.430%	1.790%
	Putnam VT Small Cap Value - IB	- 19.71%	- 4.97%	6.71%	0.600%	0.800%	0.550%	1.950%
	Salomon Brothers Variable Capital	- 33.28%	- 25.80%	- 3.48%	0.600%	0.830%	0.170%	1.600%
	Salomon Brothers Variable Investors	- 31.74%	- 24.69%	- 7.24%	0.600%	0.700%	0.120%	1.420%
	Smith Barney Aggressive Growth Portfolio	- 39.17%	- 28.69%	-	0.600%	0.800%	0.040%	1.440%
	Travelers Disciplined Mid Cap	- 18.87%	- 6.00%	2.15%	0.600%	0.700%	0.130%	1.430%
Medium	Equity Income Portfolio (Fidelity)	- 22.50%	- 14.93%	- 6.37%	0.600%	0.750%	0.040%	1.390%
	MFS Total Return	- 9.94%	- 5.07%	2.06%	0.600%	0.800%	0.030%	1.430%
	Smith Barney Appreciation Portfolio	- 22.28%	- 14.80%	- 7.25%	0.600%	0.750%	0.020%	1.370%
Low	Fixed Income*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Travelers Money Market Portfolio	0.62%	0.98%	3.51%	0.600%	0.320%	0.080%	1.000%
	Travelers Quality Bond Portfolio	2.98%	0.70%	5.29%	0.600%	0.320%	0.130%	1.050%
	Travelers U.S. Government	11.96%	10.81%	9.95%	0.600%	0.320%	0.130%	1.050%

Asset transfer provision for transfer of assets from other carrier: lesser of 2% of actual deferred sales charge/surrender charge

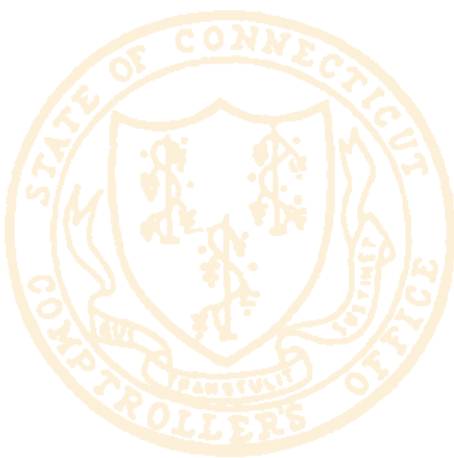
* Interest rate varies quarterly. The rate for the fourth quarter of 2002 is 4.25%.

Financial Services Organization	403(b)	457	Contact Number
Fidelity Investments	✓	✓	(800) 343-0860
The Hartford	✓	✓	403(b) Program: (800) 243-5868 — press option 1
			457 Plan: (888) 457-7824
ING Financial Advisers	✓	✓	(800) 784-6386
Oldham Resource Group	✓		(800) 626-6106
Phoenix Investment Partners		✓	(800) 243-1574
TIAA-CREF	✓		(888) 842-5350 — on weekdays
			(800) 842-2888 — on weekends
Travelers Life & Annuity	✓		(800) 842-4015

Questions? If you have any questions about the 403(b) program or 457 plan, call the financial services organization directly at the number listed below.



State of Connecticut
Office of the State Comptroller
55 Elm Street
Hartford, CT 06106-1775



Attention: 403(b) Program Information Inside